Senate Transportation Committee Staff

- Hayley Gamble
- Bryon Moore

2021 TRANSPORTATION BUDGET OVERVIEW

TOPICS COVERED IN PRESENTATION

Transportation Revenue

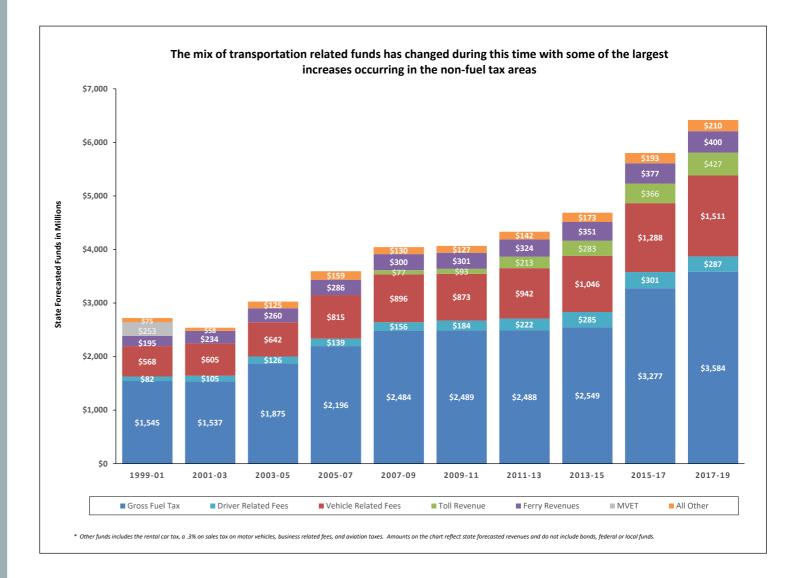
2021 Supplemental for 2019-21

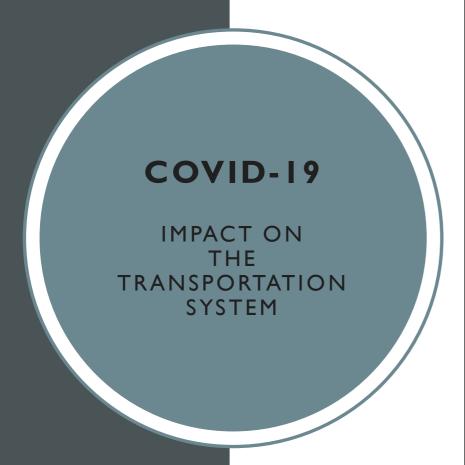
2021-23 Biennial Budget

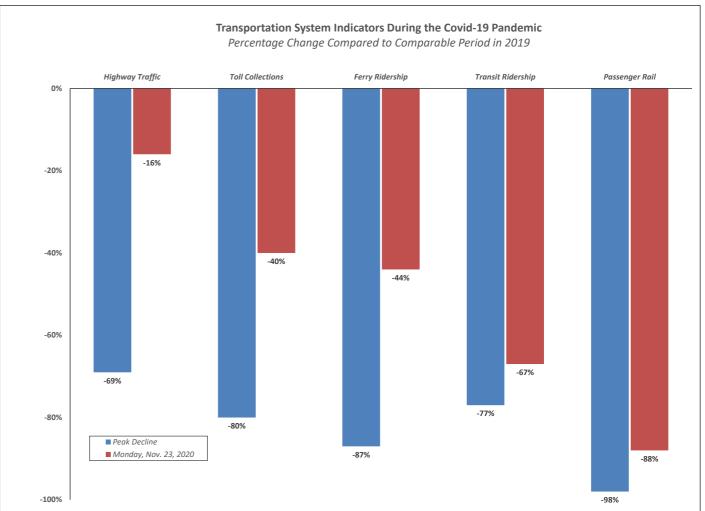
Next Steps

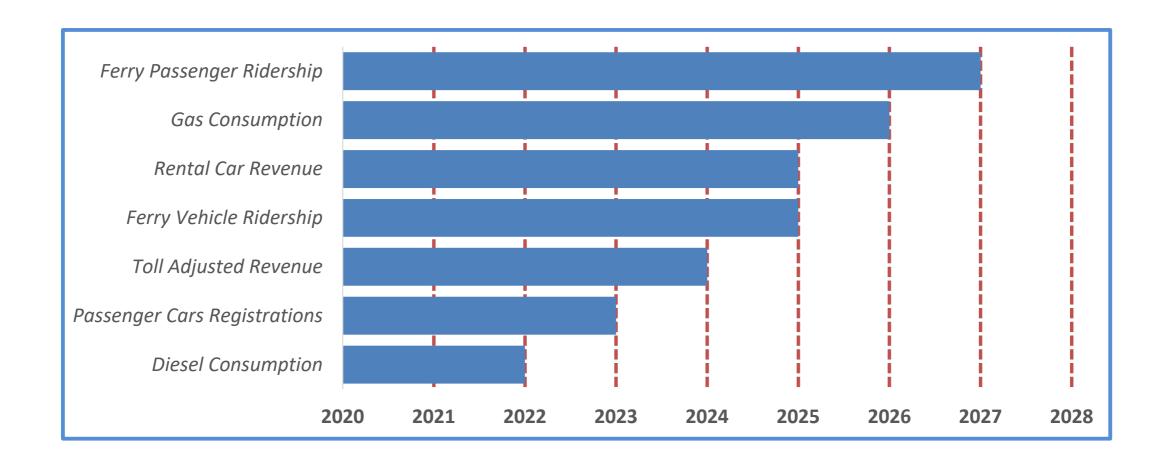
FORECASTED TRANSPORTATION REVENUE

THE MIX HAS CHANGED OVER THE LAST TWENTY YEARS







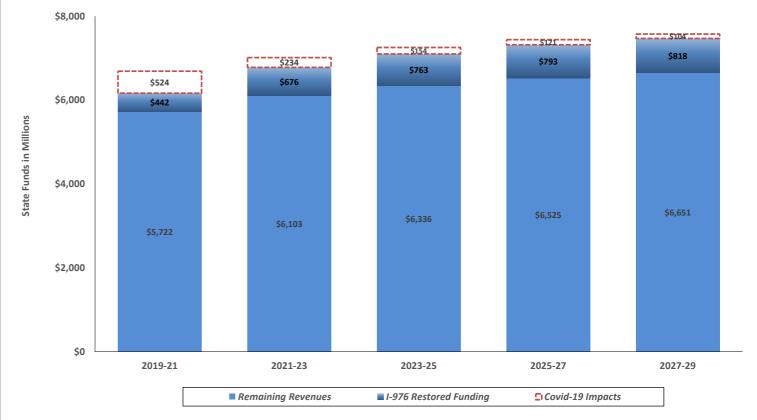


COVID-19

WHEN WILL MAJOR REVENUE SOURCES RECOVER FROM COVID-19?

COVID 19 & INITIATIVE 976 IMPACTS

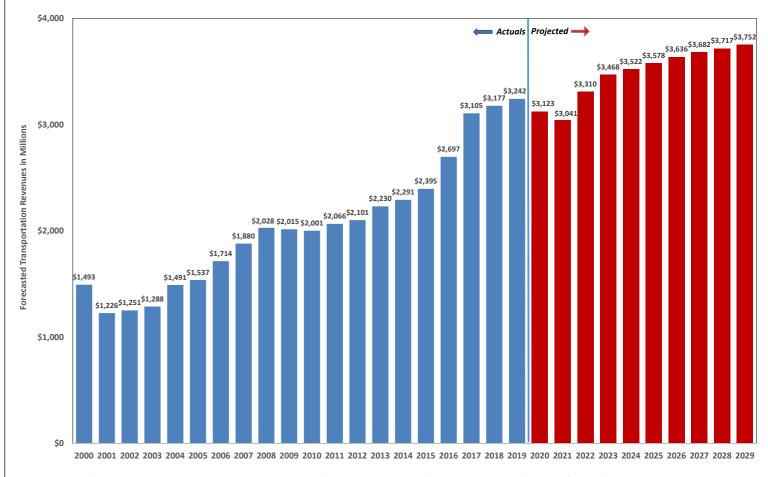
Even after the I-976 impacts are restored, the Covid-19 impact are projected to reduce state transportation resources by \$1.1 billion over the next ten years, with almost half of that loss occurring in the current biennium



^{*} Remaining revenues reflect the November 2020 revenue forecast without the I-976 restored revenues. The darker blue shaded bar reflects the estimated I-976 restored revenues. These amounts do not include bond, federal or local funds.

REVENUE TRENDS AFTER THE COVID - 19 PANDEMIC

Looking at state revenue growth on annual basis, you can see the significant drop in 2020 followed by relatively slow growth projected into the future



^{*} This chart is based on the November 2020 which includes the restoration of I-976 revenues. The chart adjusts fiscal years 2020 and 2021 to reflect the year of collection for I-976 revenues.



- 2021 Supplemental submitted to Governor's office in late September/early October
- Significant underspending:
 - Furloughs & wage increase cancellation: \$15M savings
 - Reduced fuel use: \$17M savings
 - Reduced ferry/rail service, hiring freezes and other agency actions: \$59M
 - Capital spending down: \$729M across WSDOT programs

NOTE: Even with Covid 19-related revenue loss, the transportation budget for 2019-21 can be balanced due to significant reduced spending.



- 2020 Budget reduced funding in 2019-21 only to account for reduced revenues.
- Not all accounts were balanced in 2021-23 and beyond
- Expenditures were delayed from 2019-21 into 2021-23
- Restoration of I-976 revenues lessens the adjustments needed to balance the I0-year capital plan, but Covid-I9 losses mean adjustments of \$Ibn + will still likely be needed.



- Estimated Project Reappropriations from 2019-21:
 - \$708M (in addition to assumptions made in 2020 Supplemental)
 - Majority of reappropriations from WSDOT highways, ferries and local programs
 - Additional reappropriations expected from other agencies
- Budget Reduction of 10%
 - All Executive agencies submitted these
- Labor contracts
 - 24 furlough days for workers that do not need to be backfilled.
 - Generally no other pay adjustments



- WSDOT Preservation needs
 - \$726M for preservation needs across all modes
 - \$8.1bn in next 10 years across all modes
- WSDOT Other proposals
 - Additional IT costs \$18.3M
 - US 2 Trestle \$1.38bn
 - I-5 Columbia River Bridge \$3.1bn
 - Culverts \$3.1bn (\$643M in 2021-23)

WHAT COMES NEXT?

- Committee staff are talking with agencies and Governor's staff to fully understand agency requests.
- Governor's budget will be published by December 20th, 2020
- March 2021 Revenue Forecast
- \$3.1bn culverts
- New revenue proposals likely (e.g. carbon pricing policies, road usage charge, emissions charges, etc.)

QUESTIONS?

APPENDIX

FISH **CULVERTS**

STATUS UPDATE

• The bulk of the \$3 billion unfunded obligation for funding culverts remains, with an expected requirement of approximately \$643 million for added funding in the upcoming biennium.

	17-19	19-21	21-23	23-25	25-27	27-29	29-31	Total
Current Funding	\$94	\$275	\$83	\$100	\$21	\$53	\$33	\$659
Funding Need	\$0	\$0	\$643	\$630	\$714	\$687	\$372	\$3,046
Totals	\$94	\$275	\$726	\$730	\$735	\$740	\$405	\$3,705

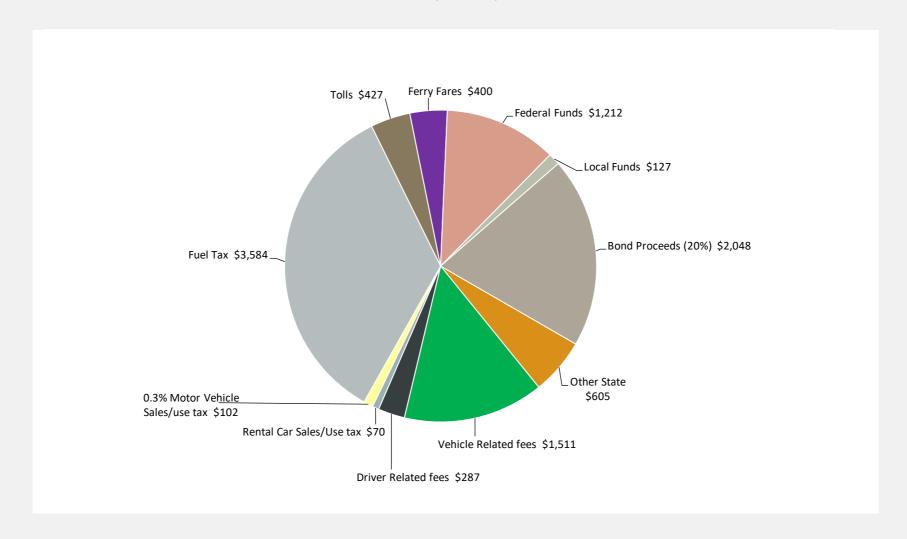
\$s in millions

Transportation Revenue Reductions from the Recent COVID-19 Induced Recession and Lower Economic Variable Forecasts

Revenue Sources Impacted by	•	\$ Difference Between Nov and Feb. 2020 Forecasts									
COVID-19 Shutdowns	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Gross Fuel tax	\$ (151,379,196	(94,294,300)	\$ (54,396,600)	\$ (40,083,400) \$	(33,554,600)	\$ (29,725,500)	\$ (25,360,400)	\$ (22,521,400)	\$ (19,526,400)	\$ (17,900,600)	
Vehicle & Driver Fees	\$ (27,497,482	(5,987,981)	\$ (5,282,800)	\$ (1,118,801) \$	3,385,199	\$ 7,904,900	\$ 12,100,199	\$ 12,730,399	\$ 13,403,400	\$ 14,598,799	
Ferry Fares	\$ (36,428,606	(61,050,474)	\$ (19,518,281)	\$ (12,193,267)	(12,568,697)	\$ (12,274,886)	\$ (12,392,787)	\$ (12,696,722)	\$ (13,024,657)	\$ (13,085,763)	
Toll Revenue	\$ (30,249,233	(96,332,000)	\$ (56,227,000)	\$ (34,435,000) \$	(27,938,000)	\$ (42,375,000)	\$ (34,239,000)	\$ (32,662,000)	\$ (31,821,000)	\$ (30,598,000)	
Aeronautics Revenues	\$ (284,101) \$ (375,920)	\$ (141,420)	\$ (113,520) \$	(119,620)	\$ (125,120)	\$ (127,220)	\$ (128,820)	\$ (129,520)	\$ (131,620)	
Rental Car Tax	\$ (4,566,225	(15,175,100)	\$ (6,163,400)	\$ (4,288,200) \$	(3,274,300)	\$ (3,015,100)	\$ (2,868,800)	\$ (2,917,600)	\$ (2,941,700)	\$ (2,952,000)	
Motor Vehicle Sales Tax	\$ 102,998	\$ (5,300,500)	\$ (1,276,900)	\$ (966,200)	(739,000)	\$ (590,200)	\$ (442,600)	\$ (381,400)	\$ (351,700)	\$ (313,500)	
TOTAL Major Revenue Sources	\$ (250,404,843) \$ (273,215,775)	\$ (141,729,501)	\$ (92,232,188)	(74,070,018)	\$ (79,610,706)	\$ (62,888,008)	\$ (58,196,143)	\$ (54,039,877)	\$ (50,069,184)	
Revenue Sources Impacted by	Percentage Change Between November and Feb. 2020 Forecasts										
COVID-19 Shutdowns	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Gross Fuel tax	-8.4%	-5.2%	-3.0%	-2.2%	-1.8%	-1.6%	-1.3%	-1.2%	-1.0%	-0.9%	
Vehicle & Driver Fees	-4.1%	-1.1%	-0.9%	-0.2%	0.6%	1.3%	2.0%	2.1%	2.2%	2.3%	
Ferry Fares	-17.5%	-27.6%	-8.7%	-5.4%	-5.5%	-5.3%	-5.3%	-5.4%	-5.5%	-5.5%	
Toll Revenue	-13.0%	-38.0%	-21.2%	-12.6%	-9.9%	-13.6%	-10.8%	-10.1%	-9.7%	-9.1%	
Aeronautics Revenues	-8.1%	-10.5%	-3.9%	-3.1%	-3.3%	-3.4%	-3.4%	-3.5%	-3.5%	-3.5%	
Rental Car Tax	-12.6%	-40.9%	-16.3%	-11.1%	-8.3%	-7.5%	-7.0%	-6.9%	-6.9%	-6.8%	
Motor Vehicle Sales Tax	0.4%	-6.6%	-2.3%	-1.7%	-1.3%	-1.0%	-0.7%	-0.6%	-0.6%	-0.5%	
TOTAL Major Revenue Sources	-8.5%	-9.4%	-4.8%	-3.1%	-2.5%	-2.6%	-2.0%	-1.9%	-1.7%	-1.6%	

Revenues = \$10.4Bn

2019-21 Supplemental Budget (\$millions)



Budgeted Expenditures = \$10.4Bn

2019-21 Supplemental Budget

(\$ in Thousands)

	Total	
Department of Transportation	7,247,399	
Toll Op & Maint-Op	146,083	
Information Technology	102,392	
Facilities	137,551	
Aviation	10,846	
Improvements	3,284,027	
Highway Maintenance	513,575	
Preservation	838,044	
Traffic Operations	93,215	
Public Transportation	247,734	
Ferries	1,090,044	
Rail	166,979	
Local Programs	356,507	
Other	260,402	
Washington State Patrol	538,718	
Department of Licensing	366,517	
Board of Pilotage Commissioners	6,040	
Utilities and Transportation Comm	654	
WA Traffic Safety Commission	32,694	
County Road Administration Board	109,664	
Transportation Improvement Board	244,512	
Transportation Commission	3,299	
Freight Mobility Strategic Invest	36,916	
Other	15,732	
Bond Retirement and Interest	1,770,281	
Total		

Source: Enacted 2020 Transportation Budget

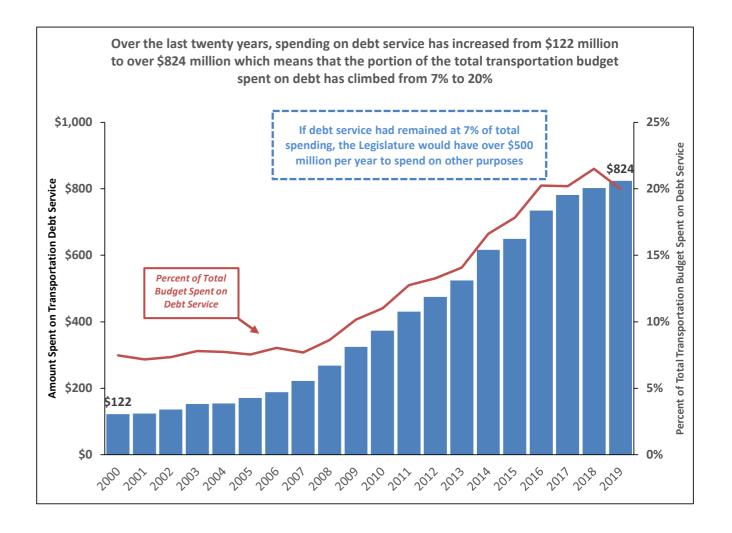
THE 18TH
AMENDMENT TO
THE WA
CONSTITUTION
ENACTED IN 1944

Dedicates fuel tax & motor vehicle license fees "exclusively for highway purposes".

Highway purposes include highway construction, operations & maintenance, policing the highways, & auto ferries (but generally not public transportation).

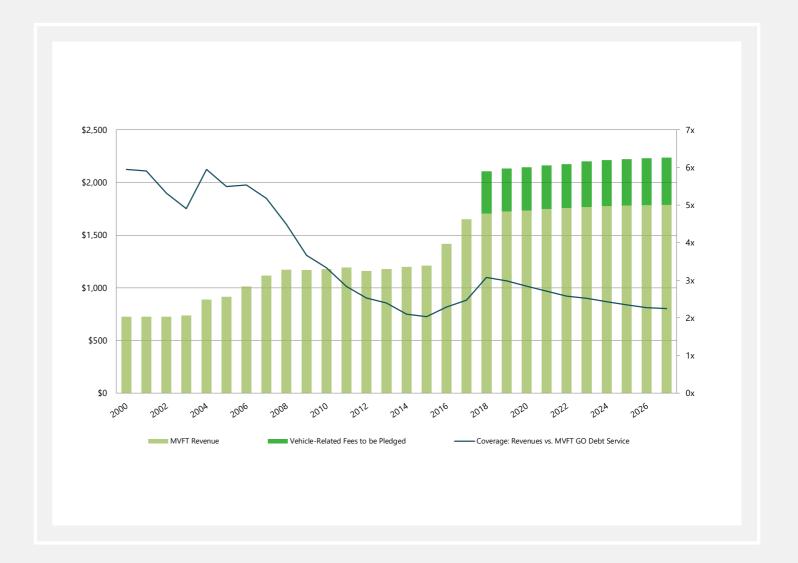
Tolls have not been declared by the courts as an "18th Amendment protected" revenue source.

INCREASED USE OF **CREDIT** OR BOND FINANCING



USE OF **CREDIT**USE ON COVERAGE RATIO

• During the last 20 years, the Legislature has increased the reliance on motor vehicle fuel backed bonds and pledged other revenue sources for debt repayment...the result is the coverage ratio has declined



TRANSPORTATION REVENUE PACKAGES



2003 Nickel Package

\$4.2bn over 10 years

5 cent gas tax and fees (gas tax will be repealed when bonds paid off)

Included a 15% increase in vehicle weight fees and a .3% sales tax on motor vehicles.

\$134M for highway preservation, operations & maint. (3%)

\$600 in multimodal investments (14%) Accountability and efficiency reforms bills.



2005 Transportation Partnership Act

\$8.5bn over 16 years

9.5 cent gas tax and fees.

Included vehicle weight fee increases with the majority of passenger vehicles paying an additional \$10 per year and light trucks paying an additional \$20 per year.

\$509M for highway preservation, operations & maint. (6%)

\$814 in multimodal investments (10%)

I-912 proposed repealing 2005 gas tax (failed)

Governance (WSDOT becomes cabinet agency) and performance bills.



2015 Connecting Washington

\$16bn over 16 years

11.9 cent gas tax and fees.

Included vehicle weight fee increases, a new heavy truck freight project fee, and electric vehicles fee increases.

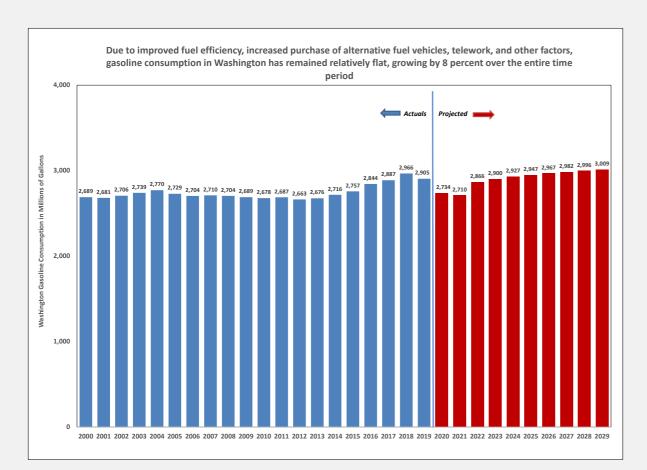
\$1.4bn for highway preservation, operations & maint. (9%)

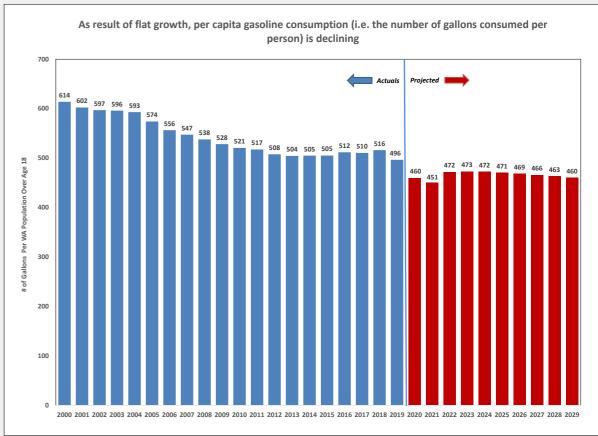
Almost \$1bn in multimodal investments (6%)

I-960 required non-binding advisory vote on repealing gas tax (supported repeal@ 64%)

Authorized a variety of local revenue options, including for Sound Transit and Transportation Benefit Districts.

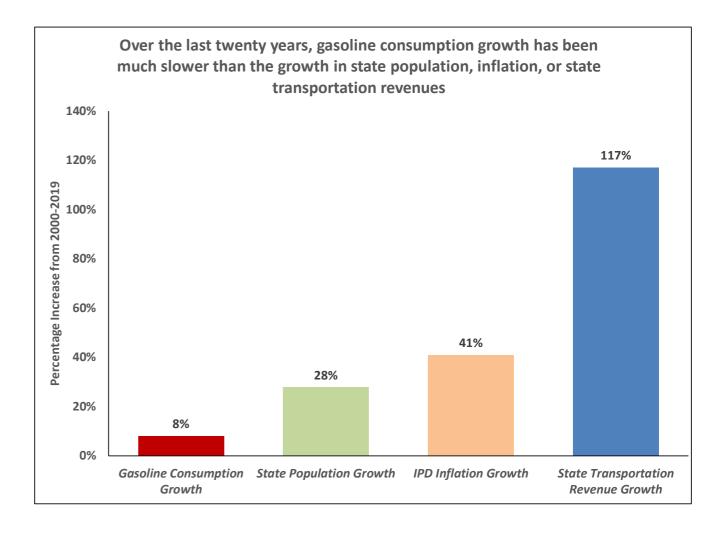
Suite of reform bills (apprenticeship, permitting, competitive bidding etc.)



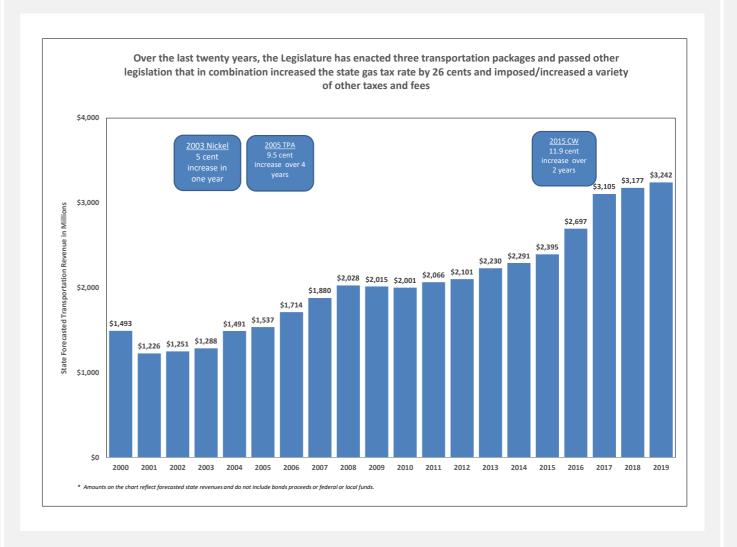


CHANGE IN FUEL CONSUMPTION

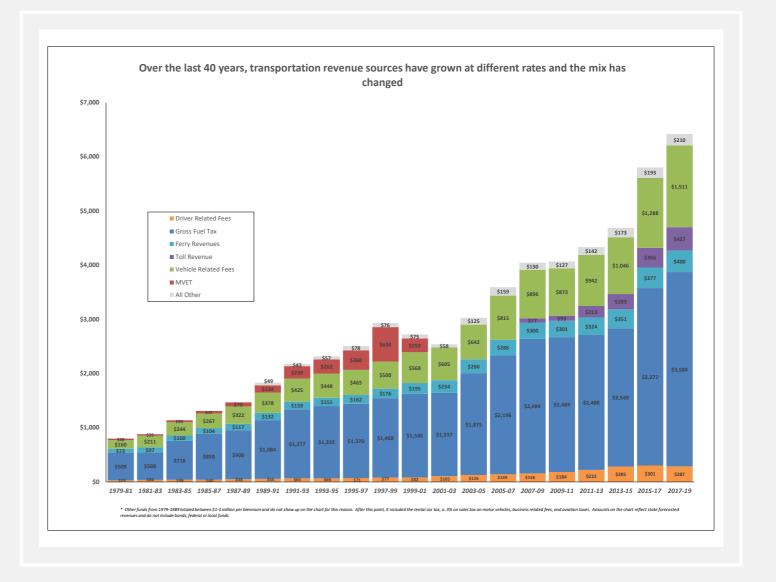
CONSUMPTION COMPARED TO OTHER GROWTH FACTORS



LEGISLATIVE ACTION OVER THE LAST 20 YEARS



CHANGE IN THE MIX OF TRANSPORTATION REVENUES



WA STATE FUEL TAX HISTORY

1921 1 cent/gallon 1929 2 cents 1931 4 cents 5 cents; off-highway refunds 1933 Fuel oil at 1/4 cent/gallon 1935 5 cents on use fuel (diesel) 1941 1944 18th Amendment to State Constitution 6.5 cents/repeal fuel oil tax of 1935 1949 1961 7.5 cents 1967 9 cents 1977 11 cents 1979 12 cents 1981 13.5 cents 1982 12 cents (variable rate study decrease) 1983 16 cents 18 cents 1984 1990 22 cents (effective April 1, 1990) 1991 23 cents (effective April 1, 1991) Raised the imposition of the motor fuel tax from the distributor/dealer to the supplier (terminal-rack) 2003 28 cents (effective July 1, 2003) 2005 31 cents (effective July 1, 2005) 2006 34 cents (effective July 1, 2006) 2007 36 cents (effective July 1, 2007) 2008 37.5 cents (effective July 1, 2008)

44.5 cents (effective August t1, 2015)

2016 49.4 cents (effective July 1, 2016)

27

CHANGE IN GAS PRICES

